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CONSUMERS ILLINOIS WATER COMPANY)
Verified Petition Seeking Approval of)
Services Agreement with Affiliated Company.)
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02-0243

VERIFIED PETITION

Consumers Illinois Water Company ("CIWC" or the "Company") hereby seeks approval under Section 7-101 of the Illinois Public Utilities Act ("Act") 220 ILCS 5/7-101 of an agreement ("Services Agreement") between CIWC and Consumers Indiana Water Company ("CINWC"), an affiliated company. The Services Agreement is attached hereto as Appendix "A." In support of its request, CIWC states as follows:

1. CIWC is a public utility as defined in Section 3-105 of the Act, which provides water service to approximately 53,541 customers and wastewater service to approximately 10,519 customers in portions of Will County, Kankakee County, Vermilion County, Boone County, Knox County, Lee County and Lake County.
2. CIWC is staffed with experienced specialists in all phases of water/wastewater public utility business and operations.
3. CINWC is a recently established Indiana water and wastewater utility that will serve an area of approximately six square miles, including, along with other areas, the Prairie Trails Subdivision in Lake County, Indiana. Within three years, Prairie Trails is expected to include 290 residences.

4. All of the common stock of CINWC is owned by Consumers Water Company, which also owns all of the common stock of CIWC. All of the common stock of Consumers Water Company is, in turn, owned by Philadelphia Suburban Corporation. Thus, CIWC and CINWC are affiliated interests as defined in Section 7-101 of the Act.

5. CINWC will purchase water from CIWC's Willowbrook Division and deliver wastewater from its collection system to the Willowbrook Division for treatment. Such purchase of water and delivery of wastewater will occur at delivery points located within the certificated service area of the Willowbrook Division.

6. The water and wastewater treatment service provided by CIWC to CINWC will be in accordance with the Willowbrook Division's effective tariffs and Rules, Regulations and Conditions of Service ("Rules and Regulations") (or as such tariffs and/or Rules and Regulations may from time to time be amended).

7. The water and sewer main extensions constructed by CIWC to serve CINWC will be constructed in accordance with CIWC's Standard Form Water and Sewer Main Extension Agreements, and the applicable Rules and Regulations.

8. CINWC has determined that, due to its small size, it will require that an outside entity perform necessary management and other services in a cost effective manner.

9. CIWC has determined that, at certain times, it has resources which can be utilized to provide services to CINWC.

10. To permit CIWC to provide services to CINWC, CIWC and CINWC (the "Parties") have developed the proposed Services Agreement, which is attached hereto as Appendix "A."

11. Under the Services Agreement, CINWC may request and CIWC may elect to provide services in, inter alia, the following areas: officers and directors; long-range planning; general supervision; tax; accounting; finance; engineering; legal and other specialized services; purchasing; contracts and sales; and insurance.

12. CINWC will pay CIWC for the full cost of labor, material and supplies provided by CIWC. Charges for labor shall include a reasonable overhead rate and shall be based on the actual time devoted by CIWC personnel to CINWC matters. Charges for equipment will reflect the prevailing market rate.

13. CIWC is obligated to provide services under the Services Agreement only to the extent that it can do so without adversely affecting utility services provided to CIWC's customers.

14. All revenues received by CIWC from CINWC as compensation of services provided will be recorded above-the-line as an offset to the otherwise applicable level of operating expense. Thus, CINWC's use of available resources will reduce the level of cost which would otherwise be allocated to ratepayers in Illinois.

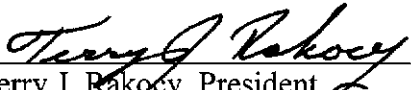
15. Ratepayers in Illinois will not incur any cost associated with the services provided by CIWC to CINWC.

16. Approval of the Services Agreement is in the public interest.

WHEREFORE, Consumers Illinois Water Company respectfully requests that the Commission approve the attached Services Agreement, attached as Appendix "A."

Respectfully submitted,

CONSUMERS ILLINOIS WATER COMPANY



Terry J. Rakocy, President

Of Counsel:

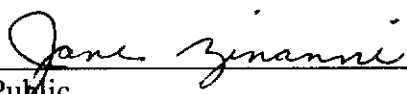
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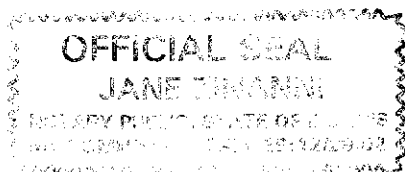
VERIFICATION

Terry J. Rakocy, President of Consumers Illinois Water Company, being first duly sworn, states that: (1) he has read the foregoing Verified Petition; (2) he is familiar with the facts stated therein; and (3) the facts stated therein are true and correct to the best of his knowledge.


Terry J. Rakocy

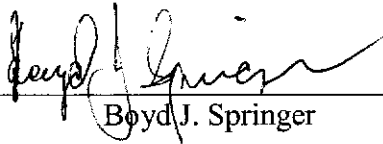
SUBSCRIBED AND SWORN TO before
me this 29th day of March, 2002.


Notary Public



CERTIFICATE OF SERVICE

Boyd J. Springer, an attorney, hereby certifies that he served copies of the accompanying Verified Petition of Consumers Illinois Water Company upon the individuals shown on the attached Service List via electronic mail and U. S. First Class Mail delivery, postage paid, on Monday, April 1, 2002.


Boyd J. Springer

SERVICE LIST

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